

**STATE BOARD OF ACCOUNTS  
302 West Washington Street  
Room E418  
INDIANAPOLIS, INDIANA 46204-2769**

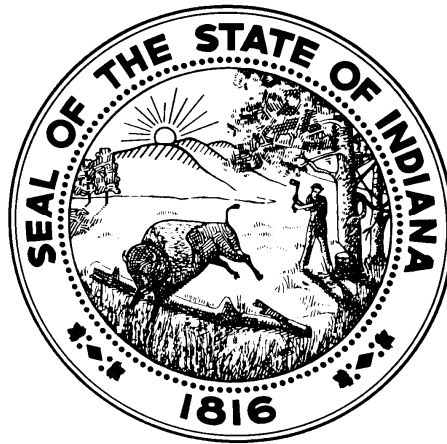
AUDIT REPORT

OF

AUDITOR

TIPPECANOE COUNTY, INDIANA

January 1, 2007 to December 31, 2007



**FILED**

07/16/2008



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## COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Jennifer Weston	01-01-07 to 12-31-10
President of the County Council	Jeff Kemper Thomas P. Murtaugh	01-01-07 to 12-31-07 01-01-08 to 12-31-08
President of the Board of County Commissioners	KD Benson Ruth E. Shedd	01-01-07 to 12-31-07 01-01-08 to 12-31-08



# STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF TIPPECANOE COUNTY

We have audited the records of the Auditor for the period from January 1, 2007 to December 31, 2007, and certify that the records and accountability for cash and other assets are satisfactory to the best of our knowledge and belief, except as stated in the Audit Result and Comment. The financial transactions of this office are reflected in the Annual Report of Tippecanoe County for the year 2007.

STATE BOARD OF ACCOUNTS

May 14, 2008

AUDITOR  
TIPPECANOE COUNTY  
AUDIT RESULT AND COMMENT

2007 FALL SETTLEMENT

Analytical procedures performed on the collection and distribution of taxes indicated a very large increase in the amount of taxes distributed to the Tax Increment Financing (TIF) districts. Further review revealed a flaw in the design of the computer program used to accumulate TIF collections for distribution. This resulted in excess distributions to the TIF districts and under distributing to the other local governmental units of approximately \$2,600,000.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 14)

AUDITOR  
TIPPECANOE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on May 14, 2008, with Jennifer Weston, Auditor; Ruth E. Shedd, President of the Board of County Commissioners; and Kevin L. Underwood, County Council. The official response has been made a part of this report and may be found on page 6.



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State Board of Accounts  
302 West Washington Street, Room E 418  
Indianapolis, Indiana 46204-2765

Tippecanoe County  
Official Response  
May 14, 2008


A corrective action plan has been implemented to improve report controls from the county-maintained tax billing and collection data system. Controls put in place by the Auditor include the following:

Report generation—Future reports will be requested in writing to the programmer with beginning/end dates that correspond to the tax deadlines in a given year. Both a summary (TF002) and detail report (ALATX) will be requested at the same time in order to verify the summary with detail data testing.

Data testing—Report (ALATX) provides a detail listing of each parcel within each TIF unit. The number of parcels will vary depending on the creation of economic revitalization areas and parcels added or removed from TIF areas. In any event, at least 1% of the parcels will be checked for accuracy in each of these categories:

- Base value
- Current assessment value
- Calculation of growth, or capturable assessment
- Calculation of TIF share of proceeds
- Review of actual collections

By June 30, 2008, all TIF collections for 2007 will be re-calculated and settlement will be submitted to the Auditor of State's Office for approval. The County Auditor will work with the Auditor of State and local officials to determine the best method for re-distributing property tax collections based on the approved settlement.

  
Jennifer Weston  
Tippecanoe County Auditor

[www.tippecanoe.in.gov/auditor](http://www.tippecanoe.in.gov/auditor)